

Bungay High School 07698578

Bungay High School
(A Company Limited by Guarantee)
Annual Report and Financial Statements
Year ended 31 August 2013

Company Registration Number:
07698578 (England and Wales)

Contents	Page
Reference and Administrative Details	1
Trustees'/Governors' Report	2 - 9
Governance Statement	10 – 12
Statement on Regularity, Propriety and Compliance	13
Statement of Trustees' Responsibilities	14
Independent Auditor's Report on the Financial Statements	15
Independent Auditor's Report on Regularity	16
Statement of Financial Activities incorporating Income & Expenditure Account	17
Balance Sheet	18
Cash Flow Statement	19
Notes to the Financial Statements, incorporating:	
Statement of Accounting Policies	20 - 22
Other Notes to the Financial Statements	23 - 36

Reference and Administrative Details

Governors

* = Members of the Finance Committee

Sean O'Neill (Member, Headteacher & Accounting Officer)

9 Appointed by Members

Zoe Sprake (Chair) (Member)*

Mary Greenwood

(Vice Chair) (Member)*

Brian Cloke (Member)*

Roger Allen*

Anne Rickwood

Ann Wilkinson

Simon Linger*

Christine Johnson

(Responsible Officer)

Revd Ian Byrne

4 Elected Parents

Roy Excell

Ian Newton*

Leonard Saunders

Janice Wright (from 1 December 12)

1 LA Appointment

Maureen Davies

3 Elected Staff

Nathan Brunson*

Barbara Charlish(resigned 1 July 13)

Andrew Barker

2 Co-opted by Governors

Marilyn Richardson (from November

12, resigned 31 May 13)

Hilary Mason (from 1 November 12)

Company Secretary

Lynn Eldrett

Senior Management Team

- Headteacher
- Deputy Headteacher
- Assistant Headteacher
- Director of Finance

Sean O'Neill*

Catherine Wiltshire

Mark Attenburrow

Dr Mike Jenkins

Dr Louise Metcalfe

Stella Mackenzie

Clint Gillett

Lynn Eldrett

Principal and Registered Office

Queens Road, Bungay,
Suffolk NR35 1RW

Company Registration Number

07698578 (England & Wales)

Independent Auditors

Crowe Clark Whitehill LLP
Carrick House,
Lypiatt Road,
Cheltenham, GL50 2QJ

Bankers

Lloyds TSB,
19 Hall Quay,
Great Yarmouth
Norfolk NR30 1HH

Solicitors

Ashtons KCJ,
Waterfront House, Wherry Quay,
Ipswich, IP4 1AS

Governor's Report

The Governors present their annual report together with the financial statements and auditor report of the Charitable Company for the period 1 September 2012 to 31 August 2013.

The financial statements have been prepared in accordance with the accounting policies on pages 20 to 26 of the attached financial statements, and comply with the Charitable Company's memorandum and articles of association, the Companies Act 2006 and the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" as issued in March 2005 (SORP 2005).

Structure, Governance and Management

Constitution

The Academy Trust is a company limited by guarantee and an exempt charity. The Charitable Company's memorandum and articles of association are the primary governing documents of the Academy Trust.

The Governors act as the Trustees for the charitable activities of Bungay High School Academy Trust and are also the directors of the Charitable Company for the purposes of company law. The Charitable Company is known as Bungay High School and it opened as an Academy on 1 August 2011 under company number 07698578.

Details of the Governors who served throughout the period except as noted are included in the Reference and Administrative Details on page 1. The current Headteacher, Sean O'Neill will retire on 31 December 2013, with a new Headteacher to be appointed prior to the end of the 2013 financial year. The interregnum period will be covered by Catherine Wiltshire, Deputy Headteacher as Acting Headteacher, supported by other members of the Senior Team as Acting Deputy Headteacher.

Members' Liability

Each member of the Charitable Company undertakes to contribute to the assets of the Charitable Company in the event of it being wound up while they are a member, or within one year after they cease to be a member, such amount as may be required, not exceeding £10, for the debts and liabilities contracted before they ceased to be a member.

Governors' Indemnities

Governors liability insurance is purchased to a limit of £2,000,000.

Principal Activities

Bungay High School Academy Trust is an age 11 to 18 mixed comprehensive high school, specialising in science. The purpose and object of the Academy is to advance education in the United Kingdom for the public benefit, in particular but without prejudice, by establishing, maintaining, carrying on, managing and developing an Academy Trust offering a broad and balanced curriculum. This is as defined in the Memorandum of Association dated 8 July 2011.

Bungay High School (BHS) is an inclusive Academy and ensures that students with special educational needs (SEN) are admitted on an equal basis, in accordance with its admissions policy. Bungay High School has an Outstanding Ofsted rating with excellent results and a wide curriculum offer, including a range of vocational courses. It also makes provision for the benefit of the wider community through provision of educational facilities and services and conducts research into new techniques in education which it shares with members of the education sector. (See <http://www.bungayhigh.co.uk/wp-content/uploads/2012/10/ofsted2011.pdf>)

The income and property of the Academy Trust are applied solely towards the promotion of the above object.

Method of Recruitment and Appointment or Election of Governors

The management of the company is the responsibility of the Governors who are appointed under the terms of the Articles of Association. (See list on page 1).

Governors are subject to retirement after a term of 4 years. After the term they may, if still eligible, be reappointed or re-elected.

All new Governors will be given a tour of the Academy and the chance to meet with staff and students. All Governors are provided with copies of policies, procedures, minutes, accounts, budgets, plans and other documents that they will need to undertake their role as Governors. As there are normally only two or three new Governors a year, induction tends to be informal and tailored specifically to the individual.

Governors' Report (continued)

Policies and Procedures Adopted for the Induction and Training of Governors

New Governors meet with the Chair and/or Vice-Chair, to discuss the role in general and any specific skills they feel they have to offer.

Safeguarding is paramount and any new Governor must have or undergo an up-to-date CRB certificate (this to be entered on the Academy's central record). All Governors receive Safeguarding training at least every three years, the Chairman and Child Protection/Safeguarding Governor every two years. All such training is up to date during the year ending August 2013.

Details and background are given regarding the Academy Trust and its staff. The Induction Pack is discussed and considered and Governors also receive guidance on visiting the Academy. As stated above, induction is tailored to the individual; their needs in terms of training are considered and these may be met by the Local Authority training programme, particularly the course entitled, 'How Do I Start?' Other courses are suggested / recommended as appropriate. New Governors are also assigned a mentor for closer contact, advice and guidance, although in general any of the more experienced Governors are very willing to give support. New Governors are encouraged in the first instance to join either the Care and Achievement Committee or the Teaching and Learning Committee, as these are the main working committees and enable a new Governor to quickly get involved and get to know the workings of the Academy Trust. Membership of other committees, particularly the Finance Committee, will depend on the relevant experience. Where necessary induction will provide training on charity and educational legal and financial matters. The Academy Trust continues to procure Governor Training services from CSD, the Local Authority provider. Governors fill in a self-evaluation form to keep a record of their expertise, training and areas of interest.

During the period under review the full Governing Body and the Finance Committee each held 8 meetings, including two extraordinary meetings. The first was convened to ratify the signing off of the accounts and to approve the Annual Report, and the second received notice of the retirement of the Headteacher and agreed preparations for the appointment of a successor. The Finance Committee held 6 meetings with committee meetings being held as required or as stated in their Terms of Reference.

Organisational Structure

The management structure consists of three levels; the Governors, Governing Body Committees and the Leadership Team. The organisation of the Governing Body and its delegated powers are detailed in their Scheme of Management Delegation that is reviewed annually.

The Governors are responsible for setting general policy, adopting an annual plan and budget, monitoring the Academy Trust by the use of budgets and making major decisions about the direction of the Academy Trust, capital expenditure and senior staff appointments. Committees of the Governing Body have delegated responsibilities. Details are set out in the Scheme of Management Delegation.

Committees:

Admissions Committee
Appeals Committee
Care and Achievement Committee
Discipline/Hearings Committee
Finance Committee
Personnel, Salaries and Conditions Committee
Premises, Health and Safety Committee
Pupil Discipline Committee
Member's Steering Committee
Teaching and Learning Committee

Groups of Governors may be formally or informally organised outside of the sub-committee structure to support the Academy Trust as required, for example for the Performance Management of the Headteacher.

A new wholly-owned subsidiary company was set up on 2 July 2013, The North Suffolk Skills Academy to provide for continuing vocational education for students from Bungay High School and other local schools. This was in response to plans to end the existing arrangements where the Centre was owned by Suffolk County Council and run by Lowestoft College. The subsidiary has three Directors, Assistant Headteacher (Inclusion) Chair of the Governors and an independent local businessman, an Accountant. This Group will report to the Academy Trust and is subject to the same policies and procedures. The subsidiary will open to students on 5th September 2013. The Directors held their AGM in October 2013.

The Senior Management Team consists of the Headteacher, Deputy Headteacher, 5 Assistant Headteachers and the Finance Director (see list on page 1). Two Assistant Headteachers were new appointments in 2012 in preparation for the addition of two additional year groups of students and the resultant reorganisation of the Academy Trust. These managers control the Academy at an executive level implementing the policies laid down by the Governors and reporting back to them. The Headteacher is the Accounting Officer.

Governors' Report (continued)

Risk Management

The Governors have assessed the major risks to which the Academy Trust is exposed, in particular those relating to the specific teaching, provision of facilities and other operational areas of the Academy Trust and its finances.

The Governors have implemented a number of systems to assess risks that the Academy Trust faces, especially in the operational areas (for example in relation to teaching, health and safety, bullying, safeguarding, information technology, human resources and academy trips) and in relation to the control of finance on an on-going basis. They have introduced systems, including operational procedures (for example vetting of new staff and visitors, supervision of Academy grounds, and an electronic security system) and internal financial controls (see below) in order to minimise risk. Where significant financial risk still remains they have ensured they have adequate insurance cover. The Academy Trust has an effective system of internal financial controls and this is explained in more detail in the following statement.

The Governors have considered the need for a specific internal audit function and have decided not to appoint an internal auditor. However, the Governors have appointed Christine Johnson, a Governor as Responsible Officer (RO) from 1 September 2012. The RO's role includes giving advice on financial matters and performing a range of checks on the Academy Trust's financial systems. To assist with this role Governors have procured the Responsible Officer Support Service from Customer Services Direct (CSD). On a quarterly basis CSD undertake an independent review of the financial systems and giving a written report providing feedback on how the Academies Financial affairs are being discharged. The appointed RO Governor then presents this report back to all Governors, and has access to the Academy's financial management system. The report includes action points identifying any areas for improvement. The Academy has received three Responsible Officer Reports noting scores of "Outstanding" for each, denoting between 85% and 100% scored throughout the testing process. In addition, the Academy Trust submitted the audited Academies Accounts Return for 2012 to the Education Finance Agency on 25 January 2013, and the 2013/14 Forecast Return on 17 July 2013. Standards are maintained with on-going finance training through the National College for School Leadership and CSD, also membership of ASCL and the Finance Directors Forum. Specific guidance is purchased from professionals as required.

These factors provide the Governing body with assurance that:-

- the financial responsibilities of the governing body are being properly discharged;
- resources are being managed in an efficient, economical and effective manner;
- sound systems of internal financial control are being maintained; and
- financial considerations are fully taken into account in reaching decisions.

These arrangements can provide only reasonable and not absolute assurance that assets are safe guarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected within a timely period. In addition, the Academy Trust purchases money and fidelity guarantee insurance, and "key man" assurance in respect of the Finance Director.

Connected Organisations, including Related Party Relationships

Bungay High School was part of Suffolk County Council's School Organisational Review, culminating in the closure of our two feeder Middle Schools and the expansion to include the former Bungay Middle School site being gifted to the Academy on 1 September 2013, and the inclusion of year groups 7 and 8. The Academy received Start Up funding of £54,794 to help facilitate this, plus per pupil allowance for these year groups to cover the period September 12 to March 13 of £174,470 from Suffolk County Council. The Soft Federation the Academy undertook with Halesworth Middle School ended when this school closed on 22 July 2012. The Academy employed many of the staff from the closing Middle Schools, and agreed with Suffolk County Council that salary safeguarding would apply, funded by Suffolk County Council to £75,302 in the financial year to August 13. Suffolk County Council also funded High Needs Special Educational Needs to £7,500. Looked After Children were funded by their Local Authorities amounted to £6,980.

Bungay High School is part of the North Suffolk Skills Centre (NSSC) group, a partnership covering four other schools (Sir John Leman High School, Alde Valley High School, Stradbroke High School and Lowestoft College) providing vocational education in a purpose-built facility on the site of the Halesworth Middle school. This is known as the North Suffolk 14 to 19 Partnership. Funding for the NSSC building was secured by Bungay High School 6 years ago, and since then the Centre has provided vocational courses which selected students, mainly from years 10 and 11, attending one day a week. Post 16 courses are run in Engineering, Motor Vehicle Engineering and Hairdressing. Teaching was facilitated by Lowestoft College and the costs were shared between the schools. This arrangement ended 31st July 2013, and the Academy Trust will take over running the Centre as the North Suffolk Skills Academy from that date via the new subsidiary company.

In addition the Partnership has gained grants as follows:

- NSSC Energy Project
- Magnox Energy Project
- Information and Guidance work
- British Council Comenius European Project

Governors' Report (continued)

- HYPHOP Project
- Pathways to Education Activities for All with Suffolk County Council
- Aimhigher with the Higher Education Funding Council

The Academy makes provision for training student teachers through the GTP, PGCE systems. (see other notes to the financial statements note 6)

Objectives and Activities

Objectives and Aims

Bungay High School's object is set out in the Company's articles of association. Its mission statement is "Opportunity, Aspiration and Excellence for All" and this is reflected in the teaching and learning which encompasses a very wide curriculum and inclusive approach. The Academy Trust recognises that all students have special skills, abilities and aptitudes and all have an entitlement to access a broad, challenging and appropriate curriculum. Every student is also entitled to experience a variety of teaching and learning styles which enable them to achieve their full potential. The Academy Trust aims, through successful teaching and learning, to develop the whole child and to enable our students to become lifelong learners.

The Ofsted report of June 2011 states:

"This is an outstanding school which has continued to improve over the last few years. Students enjoy school very much and feel safe and very well cared for. The outstanding curriculum, coupled with excellent support, provides a wide range of opportunities in this rural setting."

Since becoming an Academy, Bungay High School has built on these standards and aims in fulfilling its objectives to provide education facilities and services to our students and the wider community for the public benefit. The Academy Trust has worked to share best practice in both teaching and learning and in school management by leading in partnership working, for example via the Suffolk Academies Consortium, the North Suffolk 14-19 Partnership, and Suffolk Schools Forum. The Senior Management Team continue to set strategic aims through the School Improvement Plan and these aims are monitored closely by Governors.

The Academy is also committed to developing staff potential, and in this period benefits have included that promotion opportunities due to the expansion of the Academy Trust have mainly been from within existing staff, (both support staff and teachers). In addition to the main educational purpose, the Academy Trust is also a center of our rural community for sporting facilities and leisure activities. These are facilitated so that the Academy Trust charges sufficient income to cover expenses only, for example by using VI Form students to staff the Sports Centre in the evenings.

Strategies and Activities

Bungay High School converted to Academy status on 1 August 2011, whilst Suffolk Local Authority (LA) was going through the process of the School Organisational Review (SOR) changing the structure of the education provision in Suffolk from a three tier to a two tier system. This changed the Academy from age range 13-18 to 11-18 from 1 September 2012. This was to coincide with Building Schools for the Future and a new build for the school, but funding was not available. Instead Suffolk LA has leased the Academy Trust the former nearby middle school building. Three years of planning culminated in the opening of the new, larger school on 1 September 2012 over two sites. Student numbers have grown from 982 in the last accounting period to 1,375 in this period. Years 7 to 11 are taught on the main site and a House system with vertical tutoring is used, together with additional Tutor time, to aid integration of the range of age groups and enable the Tutor to focus on a smaller group of students when most needed. Post 16 provision is at the previous Middle School building, re-opened as Bungay VI Form Centre. This building houses 260 students aged 16 to 18, and provides for more independent learning in an environment designed to help student prepare for further education and the world of employment. Both changes have been very popular with students and parents, and the Academy Trust will be close to capacity again next year, with over-subscription in two year groups.

These changes have put pressure on the Academy Trust; staff have coped with working over two sites and learning more about working with additional age groups of students, the old school buildings are struggling to cope with the increased capacity, despite a period of considerable capital investment, and the structures of the academy ranging from catering to student transport have had to be expanded to cope. However, the Academy Trust benefited from careful planning and the period of change has been a success so that the Academy Trust is well placed to build on it's position. Planned changes to reduce pressure on staff include a move to a two period day at the VI Form Centre, additional administration assistance for teaching staff and employment of a minibus driver to facilitate transport between the sites.

The Academy Trust is pursuing a policy of marketing the main school, VI Form, and the North Suffolk Skills Academy, and providing assistance with out of catchment travel to maintain and build on the current high levels of students who choose specifically to join Bungay High School. This is aided by excellent results and reputation locally, and this cycle of success and growth enables the Academy Trust to provide the best resources for learners.

The Academy Trust has benefited through Pupil Premium Funding of £139,654 in the period. The Academy Trust tracks the

Governors' Report (continued)

progress of all students robustly and applies intervention strategies to ensure we minimise underperformance, particularly within the percentage of students entitled to benefit from the Pupil Premium, in current Year 11 it is 14.5%, in 2012 it was 17%.

The strategies applied to date have included:

- Additional support in English and Maths for individuals and small numbers of students.
- Creating a study plus group, equal to one option block in Years 10 and 11 to receive more Maths and English incorporating some EAL students.
- Withdrawal from certain subjects, MFL and Humanities in Years 7, 8 and 9 to focus on additional literacy and numeracy work.
- Additional support for students doing controlled assessments.
- Appointment of additional teaching assistant to support ASDAN skills for learning and life) group.
- Appointment of a behaviour support assistant to work alongside the small proportion of disengaged students.
- One-to-one mentoring involving external staff.
- One-to-one mentoring form tutors, allowed additional 100 minutes over two weeks for this per tutor, at a cost of £49,000p.a. (Sutton Trust believe best form of support to students is through effective feedback.)
- Peer mentoring programme.
- Purchase equipment and additional resources for individual students.
- Educational visits.

In addition, the Academy Trust looks to extend its influence outside our immediate community and works with partner schools, commercial organisations and Lowestoft College to provide vocational education, which is essential to prepare students so that they can achieve their aspirations in their working lives. Our new subsidiary company took over running the North Suffolk Skills Academy on 1st September 2013 and a period of planning, lead by the Assistant Headteacher (Inclusion), will lead to this Centre providing Engineering, Motor Engineering, Catering, Construction and Hairdressing qualifications. Bungay High School will act as provider for Engineering and Motor courses, and has recruited staff who are working on preparation during the 2013 summer term. The range of local schools the Academy Trust is working with, including Alde Valley as a partner, has been extended to include the new Pakefield High School, and the Archbishop Sancroft High School, in nearby Norfolk. The innovative plan is to help the various providers of the courses plan and implement education to a high standard, and to maximise use of the purpose-built premises. The business plan shows the subsidiary will be in profit for the first three years, in the first year this is due to a start-up grant from Suffolk County Council of £70,000 and carried forward funds from the partnership currently running the Centre of £126,350, with student numbers increasing and funding the costs of running the Centre in future years.

Bungay High School has always achieved excellent value for money, and has outsourced from the LA wherever this is advantageous, however becoming an Academy has given far greater scope as receiving all funding directly means a far greater percentage of income available for teaching and learning.

Public Benefit

In line with the Academy's objective to provide education services for the public good, Bungay High School strives to improve standards and quality of teaching and learning. The Academy is committed to continual improvement which is achieved in a number of ways including: improvement planning, review meetings, continual professional development, lesson observations, performance management, learning walks, self-evaluation, data analysis and action planning.

The Governors confirm that they have complied with their duty in Section 17 of the Charities Act 2011 to have regard to public benefit guidance published by the Charity Commission of England and Wales.

Achievements and Performance

The Academy Trust is in its second period of operation. The Academy was rated as Outstanding by Ofsted in June 2011, having been previously rated as Good.

- Attainment on entry is just below the national average. However, standards at Key Stage 4 have risen year on year.
- The proportion of students achieving five or more higher grades in their GCSEs was significantly above the national average, with extremely strong performance in English, Mathematics and Science, the Academy's specialist subject.
- All other major measures of progress and attainment at Key Stage 4 are now significantly above average.

Bungay High School	2013	2012	2011	2010	2009
Percentage achieving 5+ A*-C GCSEs (or equivalent) including English and maths GCSEs (5ACEM)	60%	52%**	65%	70%	52%

Governors' Report (continued)

**As you can see from the 2012 figure, we had expected to achieve the same as last year approximately 65%, this cannot be confirmed owing to appeals to AQA and OFQUAL at a national level over the marking of the English Language papers. Having predicted the high 70%+ grades gained in previous years, this year's pass of 60%, appears to confirm that pass marks were set unreasonably high. Maths continued to achieve well above the national average.

In 2013 the 5+A*-CEM rose to 60% clearly showing that 2012 was a blip year, there are still appeals pending as both English and Science were victims of grade deflation for the second year running.

The A level results continue to show a positive outcome with A level students achieving above the target set last year. The students achieved 231 points per entry on average compared to the target of 210.

We await RAISEonline (Schools data analysis) to give a very detailed value added measure of all our students, especially the vulnerable and those eligible for the Pupil Premium.

Going Concern

After making appropriate enquiries, the Governing Body has a reasonable expectation that the Academy Trust has adequate resources to continue in operational existence for the foreseeable future. For this reason it continues to adopt the going concern basis in preparing the financial statements.

Key Financial Performance Indicators

Bungay High School converted to Academy status on 1 August 2011 a school rated "Outstanding" by OFSTED in June 2011. The total number of students on role in the period ended 31 August 2013 numbered 1375 From 1 September 2013 the Academy has a PAN (Pupil Admissions Number) for each year of 210.

Financial Review

The Academy received income into its Unrestricted Fund, Restricted General Funds and Fixed Asset Fund during the year to 31 August 2013.

Restricted General Funds

The majority of the Academy Trust's income was received through Education Funding Agency (EFA) recurrent revenue grants into the Restricted General Fund, the use of which is restricted to the Academy's charitable activities, its educational operations. These revenue grants, and the associated revenue expenditure made against them, are detailed in the Statement of Financial Activities (SOFA). General Restricted Fund income for the year was £6,645,234; expenditure against the fund was £6,490,566 for the period plus carried forward funds (deficit including pension) from 2012 of £231,703, giving a restricted revenue fund carry forward of -£77,035 after transfers from the Restricted Fixed Fund. This includes the pension deficit of £402,000.

Unrestricted Funds

Income received into the Unrestricted Fund was £514,011. Expenditure against the fund was £302,992 for the period, plus carried forward funds from 2012 of £42,467 giving an Unrestricted Fund carry forward of £253,486.

Restricted Fixed Asset (Capital) Fund

The Restricted Fixed Asset Fund balance is reduced by an annual depreciation charge over the expected useful life of the assets concerned in line with the Academy Trust's depreciation policy.

Income received into the fund included the value of the two closing Middle School's assets at £7,428,175, Devolved Formula Capital Funding was received of £19,723. In accordance with the Charities Statement of Recommended Practice, 'Accounting and Reporting by Charities' (SORP 2005), such grants are shown in the Statement of Financial Activities as restricted income in the fixed asset fund.

At 31 August 2013 the net book value of fixed assets was £21,004,908 including buildings valued at £13,500,000 on a 124 year lease, plus an additional building gifted from Suffolk County Council on 1st September 2012 valued at £7,370,000 on a 123 year lease, and movements in tangible fixed assets are shown in note 13 to the financial statements. The assets were used exclusively for providing education and the associated support services to the students of the Academy Trust.

The SOFA details a £21,021,972 Restricted Fixed Asset Fund period end surplus after transfers between funds. This is detailed in note 17 to the accounts.

Summary of Financial Performance

Total fund balance as at 31st August 2013 was £21,198,422 comprised of:
£253,486 Unrestricted Funds

Governors' Report (continued)

£324,964 Restricted General Funds
£21,021,972 Restricted Fixed Asset Funds
Restricted Pension Reserve deficit of £402,000

Financial and Risk Management Objectives and Policies

The objective of the Academy Trust's Risk Management procedure is to identify the principal risks facing the Academy Trust so that existing controls may be considered and further action taken if required, including external insurance.

The Board of Directors has a comprehensive risk management process to identify and monitor the risks faced by the Academy Trust. The financial risks considered include: economic / financial uncertainty, liquidity and solvency, credit risk, the risk of fraud and compliance with financial / statutory requirements.

Principal Risks and Uncertainties

The Academy Trust has a comprehensive risk management process to identify and monitor the risks faced by the Academy Trust. The principal risks identified include governance, statutory compliance, finance, insurance, attainment, attendance, behaviour, health and safety, organisation, operations, safeguarding, reputation, Human Resources and Information Technology. A risk rating mechanism is in place with greater emphasis directed towards those identified higher risk areas which are then addressed using a range of measures including use of specialist advice. Governors recognise the importance of marketing to maintain student numbers, particularly in the current period of demographic low numbers for our age group and the opening of two new Free Schools in our locality. We have combatted this successfully for the forthcoming year but will continue to monitor this risk and work to minimise it.

Reserves Policy

The Academy Trust recognises the change in rationale and the nature of reserves which followed conversion from an LA run school. The purposes of reserves are to ensure the Academy Trust operates as a going concern, and that it can provide sufficient working capital, cover unforeseen eventualities in line with risk management recommendations, and ensure capital maintenance both in the current financial year and in future years. The Academy Trust will achieve this by building unrestricted funds and retaining income which is unrestricted as far as possible. The Academy Trust's medium term financial plans had anticipated a drop in funding of 1.5% due to central government funding changes from 2013 onwards, however our Local Authority review has worked in favour of the Academy Trust and gains are confirmed of 3.35% until 2015. Furthermore, the Academy has arranged with the EFA that the restriction of 2% on restricted reserves be removed, therefore the element of risk through claw-back of surplus funds is greatly reduced.

It is the intention of the Governors to maintain free reserves to £540,000 in 2013 and £686,000 in 2014, in order to guard against funding changes in 2015 and a possible anticipated dip in student numbers in 2016. The reserves policy is reviewed annually.

The valuation of the defined benefit pension scheme as at 31st August 2013 is a liability of £402,000. On the Balance Sheet, this is offset by Academy Trust's reserves.

Investment Policy

Investment of surplus funds into a higher interest account was approved by Governors and monitored by the Finance Director. The objective is to hold funds at low risk. The Academy does not have any endowment funds.

Plans for Future Periods

Bungay High School strives to continually improve levels of attainment for all students, equipping them with the qualifications, skills and character to follow their chosen pathway, whether it be into further and higher education or employment.

The curriculum, the quality of teaching and learning and informed interventions are consistently reviewed to help every child achieve their full potential.

The Academy Trust believes that developing the whole child is critical to improving levels of attainment and in developing broader skills and character that will develop students' commitment to lifelong learning and enrich their quality of life. To this extent, the Academy Trust strives to provide exceptional behaviour and attendance management support to its students and to offer a broad range of extra-curricular activities. Specifically, the Academy plans to embed the changes from School Organisational Review, make provision for the forthcoming change in school leaving age by expanding the VI Form curriculum, and increasing post 16 student numbers to 300, to maximise use of our new VI Form Centre, also to extend our provision for vocational education in the local area.

Governors' Report (continued)

Funds held as Custodian Trustee on behalf of others

Neither Bungay High School nor the Board of Directors are acting as third party custodial trustees.

Auditor

Insofar as the Governors are aware:

- there is no relevant audit information of which the Charitable Company's auditor is unaware; and
- the Governors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The auditor, Crowe Clark Whitehill, is willing to continue in office and a resolution to appoint them will be proposed at the annual general meeting.

Approved by order of the members of the Governing Body on 4 December 2013 and signed on its behalf by:

Signed

Zoe Sprake
Chair of Governors

Governance Statement

Scope of Responsibility

As Governors we acknowledge we have overall responsibility for ensuring that Bungay High School Academy Trust has an effective and appropriate system of control, financial and otherwise. However such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The board of Governors has delegated the day to day responsibility to the Headteacher, as Accounting Officer, for ensuring financial controls conform with the requirements of both propriety and good financial management and in accordance with the requirements and responsibilities assigned to it in the funding agreement between Bungay High School Academy Trust and the Secretary of State for Education. They are also responsible for reporting to the board of Governors any material weaknesses or breakdowns in internal control.

Governance

The information on governance included here supplements that described in the Governor's Report and in the Statement of Governor's Responsibilities. The board of Governors has formally met 6 times during the year. Attendance during the year at meetings of the board of trustees was as follows:

Governors	Attended	Of a possible
Sean O'Neill (Member)	8	8
Zoe Sprake (Chair and Member)	8	8
Mary Greenwood (Vice Chair and Member)	5	8
Brian Cloke (Member)	8	8
Roger Allen	3	8
Anne Rickwood	7	8
Ann Wilkinson	7	8
Simon Linger	8	8
Christine Johnson (Responsible Officer)	8	8
Revd Ian Byrne	1	8
Roy Excell	6	8
Philip Love	1	7
Ian Newton	7	8
Leonard Saunders	6	8
Maureen Davies	7	8
Nathan Brunsdon	4	8
Barbara Charlish	7	8
Andrew Barker	5	8
Marilyn Richardson	1	3
Janice Wright	4	5

Governance Statement **(continued)**

The Finance Committee is a sub-committee of the main board of Governors. Its purpose is to deal with financial aspects of running the Academy Trust, including scrutiny of financial reports, authorisation for higher levels of procurement, setting financial policies, medium term financial planning and audit functions.

During the year Christine Johnson, who is an Accountant, joined the committee as observer in her role as Responsible Officer. Attendance at meetings in the year was as follows:

Governors	Attended	Of a possible
Sean O'Neill (Headteacher)	7	7
Zoe Sprake (Chair)	7	7
Mary Greenwood (Vice Chair)	4	7
Brian Cloke (Chair of Finance Committee)	6	7
Roger Allen	5	7
Simon Linger	5	7
Ian Newton	6	7
Nathan Brunsdon	3	7
Barbara Charlish	6	7
Christine Johnson (RO)	5	7

The Purpose of the System of Internal Control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of Academy Trust policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Bungay High School for the period 1 September 2012 to 31 August 2013 and up to the date of approval for the annual report and financial statements.

Capacity to Handle Risk

The board of trustees has reviewed the key risks to which the Academy Trust is exposed together with the operating, financial and compliance controls that have been implemented to mitigate those risks. The board of Governors is of the view that there is a formal on-going process for identifying, evaluating and managing the academy trust's significant risks that has been in place for the period 1 September 2012 to 31 August 2013 and up to the date of approval for the annual report and financial statements. This process is regularly reviewed by the board of Governors.

The Risk and Control Framework

Bungay High School's system of internal financial control is based on a framework of regular management information and administrative procedures including the segregation of duties and a system of delegation and accountability. In particular it includes:

- comprehensive budgeting and monitoring systems with an annual budget and periodic financial reports which are reviewed and agreed by the Board of Governors/Governing body;
- regular reviews by the finance committee of reports which indicate financial performance against the forecasts and of major purchase plans, capital works and expenditure programmes;
- setting targets to measure financial and other performance;
- clearly defined purchasing (asset purchase or capital investment) guidelines;
- delegation of authority and segregation of duties;
- identification and management of risks

Governance Statement (continued)

The board of Governors has considered the need for a specific internal audit function and has decided:

The Responsible Officer's role includes giving advice on financial matters and performing a range of checks on the academy trust's financial systems. On a termly basis, the Responsible Officer reports to the Governors on the operation of the systems of control and on the discharge of the Board of Governor's financial responsibilities.

The RO has delivered duties as planned, there were no material control issues arising and all recommendations have been complied with.

Review of Effectiveness

As Accounting Officer, the Headteacher has responsibility for reviewing the effectiveness of the system of internal control. During the year in question the review has been informed by:

- the work of the RO and advisors;
- the work of the external auditor; and
- the work of the executive managers within the Academy Trust who have responsibility for the development and maintenance of the internal control framework

The accounting officer has been advised of the implications of the result of their review of the system of internal control by the finance committee and a plan to ensure continuous improvement of the system is in place.

Approved by order of the member of the Board of Governors on 21 November 2013 and signed on its behalf by:

Signed

Zoe Sprake
Chair of Governors

Signed

Sean O'Neill
Accounting Officer

Statement of Regularity, Propriety and Compliance

As Accounting Officer of Bungay High School Academy Trust I have considered my responsibility to notify the Academy Trust Board of Governors and the Education Funding Agency of material irregularity, impropriety and non-compliance with EFA terms and conditions of funding, under the funding agreement in place between the academy trust and the Secretary of State. As part of my consideration I have had due regard to the requirements of the Financial Academies Handbook.

I confirm that I and the Academy Trust Board of Governors are able to identify any material irregular or improper use of funds by the academy trust, or material non-compliance with the terms and conditions of funding under the academy trust's funding agreement and the Academies Financial Handbook.

I confirm that no instances of material irregularity, impropriety or funding non-compliance have been discovered to date.

(Signed)-----**Dated**

Sean O'Neill, Headteacher
Accounting Officer

Statement of Trustees' Responsibilities

The Governors (who act as Governors of Bungay High School and are also the Directors of the Charitable Company for the purposes of company law) are responsible for preparing the Governor's Report and the financial statements in accordance with the Annual Accounts Direction issued by the Education Funding Agency, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and applicable law and regulations.

Company law requires the Governors to prepare the financial statements for each financial year. Under company law, the Governors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and of its incoming resources and application of resources, including its income and expenditure, for that period. In preparing these financial statements, the Governors are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Governors are responsible for keeping adequate accounting records that are sufficient to show and explain the Charitable Company's transactions and disclose with reasonable accuracy at any time the financial position of the Charitable Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Charitable Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Governors are responsible for ensuring that in its conduct and operation the Charitable Company applies financial and other controls, which conform with the requirements both of propriety and of good financial management. They are also responsible for ensuring grants received from EFA/DfE have been applied for the purposes intended.

The Governors are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the order of the members of the Board of Governors on 21 November 2013 and signed on its behalf by:

(Signed)-----**Dated**

Mrs Zoe Sprake, Chair of Governors

Independent Auditor's Report on the Financial Statements to the Board of Trustees of Bungay High School

We have audited the financial statements of Bungay High School for the year ended 31 August 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 26.

The financial reporting framework that has been applied in their preparation is applicable law, United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and the Academies' Accounts Direction 2013 issued by the Education Funding Agency.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of governors and auditor

As explained more fully in the Statement of Governors' Responsibilities, the governors (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Governors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 August 2013 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including the Academies' Accounts Direction 2013 issued by the Education Funding Agency; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Governors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of governors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

This report has not yet been signed

Senior Statutory Auditor
For and on behalf of
Crowe Clark Whitehill LLP
Statutory Auditor
Lypiatt Road
Cheltenham
GL50 2QJ

Independent Reporting Auditor's Assurance Report on Regularity to Bungay High School Trust Limited and the Education Funding Agency

Independent Reporting Accountant's Assurance Report on Regularity to Bungay High School and the Education Funding Agency

In accordance with the terms of our engagement letter dated 12 November 2012 and further to the requirements of the Education Funding Agency (EFA) as included in the Academies: Accounts Direction 2013, we have carried out an engagement to obtain limited assurance about whether, the expenditure disbursed and income received by the Bungay High School during the period to 31 August 2013 have been applied to the purposes identified by Parliament and the financial transactions conform to the authorities which govern them.

This report is made solely to the governing body and the EFA in accordance with the terms of our engagement. Our work has been undertaken so that we might state to Bungay High School and the EFA those matters we are required to state in a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the governing body and the EFA, for our review work, for this report, or for the conclusion we have formed.

Respective responsibilities of Bungay High School accounting officer and the reporting accountant

The accounting officer is responsible, under the requirements of Bungay High School funding agreement with the Secretary of State of Education dated 26 July 2011 and the Academies Financial Handbook, extant from 1 September 2012, for ensuring that expenditure disbursed and income received is applied for the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Our responsibilities for this engagement are established in the United Kingdom by our profession's ethical guidance and are to obtain limited assurance and report in accordance with our engagement letter and the requirements of the Academies Accounts Direction 2013. We report to you whether anything has come to our attention in carrying out our work which suggests that in all material respects, expenditure disbursed and income received during the period to 31 August 2013 have not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

Approach

We conducted our engagement in accordance with the Academies Accounts Direction 2013 issued by the EFA. We performed a limited assurance engagement as defined in our engagement letter.

The objective of a limited assurance engagement is to perform such procedures as to obtain information and explanations in order to provide us with sufficient appropriate evidence to express a negative conclusion on regularity.

A limited assurance engagement is more limited in scope than a reasonable assurance engagement and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly, we do not express a positive opinion.

Our engagement includes examination, on a test basis, of evidence relevant to the regularity and propriety of the academy trust's income and expenditure. The work undertaken to draw to our conclusion includes a review of the design and implementation of the Academy's internal controls and review processes on regularity, supported by detailed tests on samples of costs incurred by the academy and specific transactions identified from our review.

Conclusion

In the course of our work, nothing has come to our attention which suggests that in all material respects the expenditure disbursed and income received during the period to 31 August 2013 has not been applied to purposes intended by Parliament and the financial transactions do not conform to the authorities which govern them.

This report has not yet been signed

Crowe Clark Whitehill LLP

Statutory Auditor
Lypiatt Road
Cheltenham
GL50 2QJ

Date

Statement of Financial Activities for the year ended 31 August 2013
(including Income and Expenditure Account and Statement of Total Recognised Gains and Losses)

	Notes	Unrestricted Funds £	Restricted General Funds £	Restricted Fixed Asset Funds £	Year Total 2013 £	13 months Total 2012 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
- Voluntary Income	3	23,247	776	7,410,044	7,434,067	13,826,901
- Activities for generating funds	4	410,304	8,094	-	418,398	305,399
- Investment Income	5	4,439	-	-	4,439	2,213
<i>Incoming resources from charitable activities:</i>						
- Funding for the Academy Trust's educational operations	6	76,021	6,636,364	19,722	6,732,107	5,990,765
Total incoming resources		514,011	6,645,234	7,429,766	14,589,011	20,125,278
Resources expended						
<i>Cost of generating funds:</i>						
- Costs of generating voluntary income		43	-	-	43	-
- Fundraising trading		32,653	-	-	32,653	21,393
<i>Charitable activities:</i>						
- Academy trust educational operations	8	271,673	6,323,077	492,197	7,086,947	6,216,877
- Governance costs	9	-	25,684	-	25,684	68,269
Total resources expended	7	304,369	6,348,761	492,197	7,145,327	6,306,538
Net incoming/(outgoing) resources before transfers		209,642	296,473	6,937,569	7,443,684	13,818,739
Gross transfers between funds	17	1,377	(139,805)	138,428	-	-
Net income for the year		211,019	156,667	7,075,996	7,443,684	13,818,739
Other recognised gains and losses						
Actuarial (losses) gains on defined benefit pension schemes	17,26	-	(2,000)	-	(2,000)	(62,000)
Net movement in funds		211,019	154,668	7,075,997	7,441,684	13,756,739
Reconciliation of funds						
Total funds brought forward at 1 September 2012	17	42,467	(231,703)	13,945,975	13,756,739	-
Funds carried forward at 31 August 2013		253,486	(77,036)	21,021,972	21,198,422	13,756,739

All of the academy's activities derive from continuing operations during the current financial period.

A Statement of Total Recognised Gains and Losses is not required as all gains and losses are included in the Statement of Financial Activities.

Balance Sheet as at 31 August 2013
Company Number 07698578

	Notes	2013 £	2012 £
Fixed Assets			
Tangible assets	13	<u>21,004,909</u>	<u>13,718,757</u>
		21,004,909	13,718,757
Current assets			
Stock	14	6,980	1,114
Debtors	15	120,841	256,435
Cash at bank and in hand		<u>609,587</u>	<u>488,686</u>
		737,408	746,235
Liabilities			
Creditors: Amounts falling due within one year	16	<u>(141,895)</u>	<u>(298,858)</u>
Net current assets		595,513	447,377
Total assets less current liabilities		21,600,422	14,166,134
Creditors: amounts falling due after more than one year			
Pension scheme liability	26	<u>(402,000)</u>	<u>(409,395)</u>
Net assets including pension liability		21,198,422	13,756,739
Funds of the academy trust:			
Restricted income funds			
- Fixed asset fund	17	21,021,972	13,945,975
- General fund	17	324,964	170,297
- Pension reserve	17	<u>(402,000)</u>	<u>(402,000)</u>
Total restricted funds		20,944,936	13,714,272
Unrestricted funds			
- General fund	17	253,486	42,467
Total unrestricted funds		253,486	42,467
Total funds		21,198,422	13,756,739

The financial statements on pages 17 to 40 were approved by the trustees, and authorised for issue on 21 November 2013 and are signed on their behalf by:

Signed _____

Zoe Sprake
 Chair of Governors

Cash Flow Statement for the year ended 31 August 2013

	Notes	2013 £	2012 £
Net cash inflow from operating activities	20	465,044	262,023
Returns on investments and servicing of finance	21	4,439	2,213
Capital expenditure	22	(348,582)	224,450
Increase in cash in the period		<u>120,901</u>	<u>488,686</u>
Reconciliation of net cash flow to movement in net funds			
Net funds at 1 September 2012	23	488,686	-
Net funds at 31 August 2013		<u>609,587</u>	<u>488,686</u>

Notes to the Financial Statements for the Year Ended 31 August 2013

1. Statement of Accounting Policies

Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom Accounting Standards, the Charity Commission 'Statement of Recommended Practice: Accounting and Reporting by Charities' ('SORP 2005'), the Academies Accounts Direction issued by the EFA and the Companies Act 2006. A summary of the principal accounting policies, which have been applied consistently, except where noted, is set out below.

Going Concern

The Governors assess whether the use of going concern is appropriate i.e. whether there are any material uncertainties related to events or conditions that may cast significant doubt on the ability of the company to continue as a going concern. The Governors make this assessment in respect of a period of one year from the date of approval of the financial statements.

Incoming Resources

All incoming resources are recognised when the Academy Trust has entitlement to the funds, certainty of receipt and the amount can be measured with sufficient reliability.

- **Grants receivable**

Grants are included in the Statement of Financial Activities on a receivable basis. The balance of income received for specific purposes but not expended during the period is shown in the relevant funds on the Balance Sheet. Where income is received in advance of entitlement of receipt its recognition is deferred and included in creditors as deferred income. Where entitlement occurs before income is received, the income is accrued.

General Annual Grant is recognised in full in the year for which it is receivable and any unspent amount is reflected as a balance in the Restricted General Fund. Capital Grants are recognised when receivable and are not deferred over the life of the asset on which they are expended. Unspent amounts of capital grant are reflected in the balance in the Restricted Fixed Asset Fund.

- **Sponsorship income**

Sponsorship income provided to the Academy Trust which amounts to a donation is recognised in the Statement of Financial Activities in the period in which it is receivable, where there is certainty of receipt and it is measurable.

- **Donations**

Donations are recognised on a receivable basis where there is certainty of receipt and the amount can be reliably measured.

- **Other income**

Other income, including the hire of facilities, is recognised in the period it is receivable and to the extent the goods have been provided or on completion of the service.

- **Donated Services and gifts in kind**

The value of donated services and gifts in kind provided to the Academy Trust are recognised at their open market value in the period in which they are receivable as incoming resources, where the benefit to the academy trust can be reliably measured. An equivalent amount is included as expenditure under the relevant heading in the Statement of Financial Activities, except where the gift in kind was a fixed asset in which case the amount is included in the appropriate fixed asset category and depreciated over the useful economic life in accordance with Academy Trust's policies.

- **Liabilities**

None

- **Operating Leases**

Operating lease rentals are charged to the Statement of financial position on a straight line basis over the period of the leases.

Notes to the Financial Statements for the Year Ended 31 August 2013

1. Statement of Accounting Policies (continued)

Resources Expended

All expenditure is recognised in the period in which a liability is incurred and has been classified under headings that aggregate all costs related to that category. Where costs cannot be directly attributed to particular headings they have been allocated on a basis consistent with the use of resources, with central staff costs allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use. Other support costs are allocated based on the spread of staff costs.

- **Costs of generating funds**
These are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.
- **Charitable activities**
These are costs incurred on the Academy Trust's educational operations.
- **Governance Costs**
These include the costs attributable to the Academy Trust's compliance with constitutional and statutory requirements, including audit, strategic management and trustees' meetings and reimbursed expenses.

All resources expended are inclusive of irrecoverable VAT.

Tangible Fixed Assets

Assets costing £21,004,909 or more are capitalised as tangible fixed assets and are carried at cost, net of depreciation and any provision for impairment.

Where tangible fixed assets have been acquired with the aid of specific grants, either from the Government or from the private sector, they are included in the Balance Sheet at cost and depreciated over their expected useful economic life. The related grants are credited to a restricted fixed asset fund in the Statement of Financial Activities and carried forward in the Balance Sheet. Depreciation on such assets is charged to the Restricted Fixed Asset Fund in the Statement of Financial Activities so as to reduce the fund over the useful economic life of the related asset on a basis consistent with the Academy Trust's depreciation policy.

Depreciation is provided on all tangible fixed assets other than freehold land, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful lives, as follows:

Buildings (Leasehold)	2%
Plant and machinery	15%
Furniture and equipment	15%
Computer equipment and software	25%
Building improvements	10%

Assets in the course of construction are included at cost. Depreciation on these assets is not charged until they are brought into use.

A review for impairment of a fixed asset is carried out if events or changes in circumstances indicate that the carrying value of any fixed asset may not be recoverable. Shortfalls between the carrying value of fixed assets and their recoverable amounts are recognised as impairments. Impairment losses are recognised in the Statement of Financial Activities.

Stock

Unsold items such as uniform and revision guides are valued at the lower of cost or net realisable value.

Taxation

The Academy Trust is considered to pass the tests set out in Paragraph 1 Schedule 6 of the Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Academy Trust is potentially exempt from taxation in respect of income or capital gains received within categories covered by chapter 3 part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Liabilities

None

Operating Leases

Operating lease rentals are charged to the Statement of financial position on a straight line basis over the period of the leases.

Notes to the Financial Statements for the Year Ended 31 August 2013

1. Statement of Accounting Policies (continued)

Pensions Benefit

Retirement benefits to employees of the Academy Trust are provided by the Teachers' Pension Scheme ('TPS') and the Local Government Pension Scheme ('LGPS'). These are defined benefit schemes and the assets are held separately from those of the Academy Trust.

The TPS is an unfunded scheme and contributions are calculated so as to spread the cost of pensions over employees' working lives with the academy trust in such a way that the pension cost is a substantially level percentage of current and future pensionable payroll. The contributions are determined by the Government Actuary on the basis of quinquennial valuations using a prospective benefit method. As stated in Note 26, the TPS is a multi employer scheme and the Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme on a consistent and reasonable basis. The TPS is therefore treated as a defined contribution scheme and the contributions recognised as they are paid each year.

The LGPS is a funded scheme and the assets are held separately from those of the Academy Trust in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each Balance Sheet date. The amounts charged to operating surplus are the current service costs and gains and losses on settlements and curtailments. They are included as part of staff costs. Past service costs are recognised immediately in the Statement of Financial Activities if the benefits have vested. If the benefits have not vested immediately, the costs are recognised over the period until vesting occurs. The expected return on assets and the interest cost are shown as a net finance amount of other finance costs or credits adjacent to interest. Actuarial gains and losses are recognised immediately in other gains and losses.

Fund Accounting

Unrestricted income funds represent those resources which may be used towards meeting any of the charitable objects of the Academy at the discretion of the Governors.

Restricted Fixed Asset Funds are resources which are to be applied to specific capital purposes imposed by the grantor where the asset acquired or created is held for a specific purpose.

Restricted General Funds comprise all other restricted funds received and include grants from the Education Funding Agency and Department for Education.

2 General Annual Grant

Results and carry forward for the year	2013	2012
	£	£
GAG brought forward from previous year	73,982	-
GAG allocation for current year	6,462,447	5,118,716
Total GAG available to spend	6,536,429	5,118,716
Recurrent expenditure from GAG	(6,138,802)	(5,044,734)
Fixed assets purchased from GAG	(93,889)	-
GAG carried forward to next year	303,738	73,982

Excess GAG

The Academy Trust's funding agreement allows 12% of GAG to be carried forward from one year to the next.

GAG carried forward to next year	303,738	73,982
Less maximum permitted GAG to c/f (12% of current year allocation)	(775,494)	(614,246)
GAG carried forward beyond limit, if positive result	(471,756)	(540,264)
(12% limit exceeded if result is positive)		

The Academy Trust has not exceeded these limits during the year ended 31 August 2013

Note: Under the arrangements for School Organisational Review, the school received GAG funding of £174,471 from Suffolk County Council direct, rather than via the EFA. This was in respect of 10% of additional year 7 and 8 students, adjusted from estimated student numbers following the census for the period September 2012 to March 2013.

Notes to the Financial Statements for the Year Ended 31 August 2013

3 Voluntary Income

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
Private sponsorship	-	776	776	-
Revenue	23,247	-	23,247	212,666
Gifted assets from SCC	-	7,410,044	7,410,044	13,614,235
	<u>23,247</u>	<u>7,410,820</u>	<u>7,434,067</u>	<u>13,826,901</u>

4 Activities for Generating Funds

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
Hire of facilities	17,976	-	17,976	16,065
Items sold	21,112	184	21,296	20,027
Insurance claims	-	-	-	770
Academy trips	76,139	100	76,239	70,862
Catering income	181,651	-	181,651	110,205
Income from services provided	113,426	7,810	121,236	87,470
	<u>410,304</u>	<u>8,094</u>	<u>418,398</u>	<u>305,399</u>

5 Investment Income

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
Bank Interest	4,439	-	4,439	2,213
	<u>4,439</u>	<u>-</u>	<u>4,439</u>	<u>2,213</u>

Notes to the Financial Statements for the Year Ended 31 August 2013

6 Funding for the Academy Trust's Educational Operations

	Unrestricted Funds	Restricted Funds	Total 2013	Total 2012
	£	£	£	£
DfE/EFA Capital Grants				
LA SOR funding	-	-	-	422,244
EFA capital maintenance fund	-	-	-	233,526
DFC	-	19,722	19,722	20,605
Suffolk County Council windows grant	-	-	-	39,390
	<u>-</u>	<u>19,722</u>	<u>19,722</u>	<u>715,765</u>
DfE/EFA Revenue Grants				
General Annual Grant	-	6,462,447	6,462,447	5,118,716
EMA bursary	-	25,407	25,407	24,890
Diploma funding	-	-	-	27,225
Other EFA grants	2,800	7,600	10,400	-
	<u>2,800</u>	<u>6,495,454</u>	<u>6,498,254</u>	<u>5,170,831</u>
Other Government Grants				
HYPHOP funding	-	-	-	32,000
Teaching grant	-	20,640	20,640	13,900
Other Government grants	1,500	31,387	32,887	19,130
SOR Start Up funding	71,721	-	71,721	39,139
SCC Salary safeguarding	-	74,133	74,133	-
SCC Higher Needs SEN	-	14,750	14,750	-
	<u>73,221</u>	<u>140,910</u>	<u>214,131</u>	<u>104,169</u>
	<u>76,021</u>	<u>6,656,086</u>	<u>6,732,107</u>	<u>5,990,765</u>

Notes to the Financial Statements for the Year Ended 31 August 2013

7 Resources Expended

	Non Pay Expenditure			Total 2013 £	Total 2012 £
	Staff Costs £	Premises £	Other Costs £		
Costs of generating voluntary income	-	-	43	43	-
Costs of activities for generating funds	8,993	5,032	18,628	32,653	21,393
Academy's educational operations					
• Direct Costs	4,243,680	492,197	786,621	5,522,498	4,819,038
• Allocated Support Costs	801,076	263,475	499,898	1,564,449	1,260,137
• Other	-	-	-	-	137,702
	<u>5,053,749</u>	<u>760,704</u>	<u>1,305,190</u>	<u>7,119,643</u>	<u>6,238,270</u>
Governance costs(including allocated support costs)	-	-	25,684	25,684	17,990
	<u>5,053,749</u>	<u>760,704</u>	<u>1,330,874</u>	<u>7,145,327</u>	<u>6,306,538</u>

Incoming/outgoing resources for the year include:

	2013 £	2012 £
Operating leases	17,089	8,385
Fees payable to auditor - audit	12,150	8,250

Notes to the Financial Statements for the Year Ended 31 August 2013

8 Charitable Activities - Academy's Educational Operations

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Direct Costs				
Teaching and educational support staff costs	(6,515)	4,260,029	4,253,514	3,471,837
Depreciation	-	492,197	492,197	386,793
Technology costs	836	2,311	3,147	-
Educational supplies	3,845	203,595	207,440	96,528
Examination fees	3,292	131,462	134,754	173,673
Staff development	1,020	19,864	20,884	18,070
Educational consultancy	-	19,785	19,785	12,568
Other direct costs	76,960	313,817	390,777	659,569
	<u>79,438</u>	<u>5,443,060</u>	<u>5,522,498</u>	<u>4,819,038</u>
Allocated Support Costs				
Support staff costs	77,478	724,452	801,930	723,037
Technology costs	1,279	64,130	65,409	74,268
Recruitment and support	-	17,728	17,728	8,891
Maintenance of premises and equipment	-	139,441	139,441	76,018
Cleaning	-	125,096	125,096	93,380
Rent, rates and water	-	41,331	41,331	25,402
Energy costs	-	90,574	90,574	78,090
Insurance	-	69,775	69,775	96,103
Travel and subsistence	482	4,172	4,654	5,552
Catering	111,364	1,422	112,786	71,952
Bank interest and charges	-	15,032	15,032	14,000
Other support costs	1,632	79,061	80,693	131,146
	<u>192,235</u>	<u>1,372,214</u>	<u>1,564,449</u>	<u>1,397,839</u>
	<u>271,673</u>	<u>6,815,274</u>	<u>7,086,947</u>	<u>6,216,877</u>

9 Governance Costs

	Unrestricted Funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Legal and professional fees	-	13,534	13,534	60,019
Auditor's remuneration	-	12,150	12,150	8,250
- Audit of financial statements	-	12,150	12,150	8,250
	<u>-</u>	<u>25,684</u>	<u>25,684</u>	<u>68,269</u>

There were no Governor's expenses reimbursed in the year to 31 August 2013.

Notes to the Financial Statements for the Year Ended 31 August 2013

10 Staff Costs

	Total 2013	Total 2012
	£	£
Staff costs during the period were:		
Wages and salaries	4,182,777	3,456,036
Social security costs	311,755	267,202
Pension costs	559,217	468,463
	<u>5,053,749</u>	<u>4,191,701</u>
Indirect employee expenses	-	3,173
	<u>5,053,749</u>	<u>4,194,874</u>
of which:		
Supply Teacher costs	27,046	21,463

The average number of persons (including senior management team) employed by the Academy Trust during the year expressed as full time equivalents was as follows:

	2013	2012
	No.	No
Charitable Activities		
Teachers	79	58
Administration and support	47	27
Management	8	8
	<u>134</u>	<u>93</u>

The number of employees whose emoluments fell within the following bands was:

	2013	2012
	No.	No
£60,001 - £70,000	1	1
£100,001 - £110,000	1	1
	<u>1</u>	<u>1</u>

Both of the above employees participated in the Teachers' Pension Scheme. During the year ended 31 August 2013, pension contributions for these staff amounted to £23,400.

Notes to the Financial Statements for the Year Ended 31 August 2013

11 Related Party Transactions - Trustees' Remuneration and Expenses

The principal and other staff Governors only receive remuneration in respect of services they provide undertaking the roles of principal and staff, and not in respect of their services as trustees. Other Governors did not receive any payments, other than expenses, from the Academy Trust in respect of their role as Governors. The value of Governors' remuneration was as follows:

S O'Neill (staff Governor):	£100,000 - £105,000 (2012: £105,000 - £110,000)
B Charlish (staff Governor):	£25,000 - £30,000 (2012: £25,000 - £30,000)
A Barker (staff Governor):	£40,000 - £45,000 (2012: £40,000 - £45,000)
N Brunsdon (staff Governor):	£45,000 - £50,000 (2012: £35,000 - £40,000)

During the year ended 31 August 2013, no travel and subsistence expenses were reimbursed to Governors, other than in connection with their usual employment contracts.

Other related party transactions involving the trustees are set out in note 27.

12 Trustees' and Officers' Insurance

In accordance with normal commercial practice the Academy Trust has purchased insurance to protect Governors and officers from claims arising from negligent acts, errors or omissions occurring whilst on academy business. The insurance provides cover up to £2,000,000 on any one claim and the cost for the year ended 31 August 2013 was £1,032 (2012: £1,002)

The cost of this insurance is included in the total insurance cost.

13 Tangible Fixed Assets

	Leasehold Land and Buildings	Plant and Machinery	Furniture and Equipment	Computer Equipment and Software	Assets Under Construction	Total
	£	£	£	£	£	£
Cost						
At 1 September 2012	13,875,884	43,985	34,757	132,794	18,131	14,105,551
Transferred from LA	7,370,000	-	32,800	25,375	-	7,428,175
Additions	277,287	26,135	5,220	59,662	-	368,304
Disposals	-	-	-	-	(18,131)	(18,131)
At 31 August 2013	21,523,171	70,120	72,777	217,831	-	21,883,899
Depreciation						
At 1 September 2012	294,026	8,351	8,377	76,039	-	386,793
Charged in year	442,975	4,863	10,336	34,023	-	492,197
Disposals	-	-	-	-	-	-
At 31 August 2013	737,001	13,214	18,713	110,062	-	878,990
Net Book Values						
At 31 August 2013	20,786,170	56,906	54,064	107,769	-	21,004,909
At 31 August 2012	13,581,857	35,634	26,380	56,755	18,131	13,718,759

Notes to the Financial Statements for the Year Ended 31 August 2013

14 Stock

	2013	2012
	£	£
Uniform	194	190
Heating Oil	3,410	-
Stationary	889	260
Art Materials	127	73
Revision Guides	2,360	591
	<u>6,980</u>	<u>1,114</u>

15 Debtors

	2013	2012
	£	£
Trade debtors	-	3,073
VAT recoverable	18,167	27,858
Other debtors	7,704	148,940
Prepayments and accrued income	94,970	76,564
	<u>120,841</u>	<u>256,435</u>

16 Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	34,051	40,916
Accruals and deferred income	107,844	265,337
	<u>141,895</u>	<u>306,253</u>

Deferred Income (included within the above)

	2013	2012
	£	£
Deferred Income at 1 September 2012	82,968	-
Resources deferred in the year	40,964	82,968
Amounts released from previous years	(82,968)	-
Deferred Income at 31 August 2013	<u>40,964</u>	<u>82,968</u>

Deferred Income £40,964 as follows:

School Trip income	£8,172
Duke of Edinburgh Contributions	£5,327
Careers IAG Grant Income	£2,219
Comenius Project Income	£8,186
Rate Relief EFA	£15,890
Suffolk County Council salary safeguarding	£1,170

Notes to the Financial Statements for the Year Ended 31 August 2013

17 Statement of Funds

	Balance at 1 September 2012 £	Incoming Resources £	Resources Expended £	Transfers in/out £	Gains / Losses £	Balance at 31 August 2013 £
Restricted General Funds						
General Annual Grant (GAG)	73,982	6,462,447	(6,011,318)	(221,374)	-	303,737
Other DfE/EFA grants	96,315	33,007	(131,310)	(3,325)	-	(5,313)
Other Restricted Funds	-	149,780	(74,133)	-	-	75,647
Funds transferred	-	-	-	(49,107)	-	(49,107)
Pension reserve	(402,000)	-	(132,000)	134,000	(2,000)	(402,000)
	(231,703)	6,645,234	(6,348,761)	(139,806)	(2,000)	(77,036)
Restricted Fixed Asset Funds						
DfE/EFA capital grants	715,764	19,722	(43,811)	-	-	691,675
Capital expenditure from GAG	(1,120)	-	(1,319)	93,888	-	91,449
Private sector sponsorship	-	-	(1,600)	41,215	-	39,615
Other capital income	13,231,331	7,410,044	(445,010)	-	-	20,196,365
Restricted Funds	-	-	(457)	3,325	-	2,868
	13,945,975	7,429,766	(492,197)	138,428	-	21,021,972
Total Restricted Funds	13,714,272	14,075,999	(6,840,958)	(1,377)	(2,000)	20,944,936
Unrestricted Funds						
Unrestricted Funds	42,467	514,011	(304,369)	1,377	-	253,486
Total Unrestricted Funds	42,467	514,011	(304,369)	1,377	-	253,486
Total funds	13,756,739	14,589,011	(7,145,327)	-	(2,000)	21,198,422

The specific purposes for which the funds are to be applied are as follows:

Restricted General funds comprise; revenue funding from the EFA in respect of per pupil allocations (which are limited under the Funding Agreement to a carry-forward of 12% of GAG per year), Pension reserves for the Local Government Pension Scheme, and Restricted Funds for specific purposes as follows:

Other EFA grants £33,007

Other Government grants £140,909

Donations £776

Income from Services Provided £7,811

Notes to the Financial Statements for the Year Ended 31 August 2013

18 Analysis of Net Assets between Funds

Fund balances at 31 August 2013 are represented by:

	Unrestricted funds £	Restricted general funds £	Restricted fixed asset funds £	Total funds 2013 £
Tangible fixed assets	-	-	21,004,908	21,004,908
Current assets	273,235	417,763	46,411	737,409
Current liabilities	(19,749)	(92,799)	(29,347)	(141,895)
Pension scheme liability	-	(402,000)	-	(402,000)
Total net assets	<u>253,486</u>	<u>(77,036)</u>	<u>21,021,972</u>	<u>21,198,422</u>

19 Financial Commitments

Operating Leases

At 31 August 2013 the academy trust had annual commitments under non-cancellable operating leases as follows:

Other		<i>2012 £</i>
Expiring within one year	17,002	
Expiring within two and five years inclusive	20,189	<i>11,180</i>
Expiring in over five years	1,374	
	<u>38,565</u>	<u><i>11,180</i></u>

Notes to the Financial Statements for the Year Ended 31 August 2013

20 Reconciliation of Net Income to Net Cash Inflow from Operating Activities

	2013 £	2012 £
Net income	7,443,684	13,818,739
Pension scheme deficit transferred in (year 1 only)	-	340,000
Depreciation (note 13)	492,197	386,793
Capital grants from DfE and other capital income	(1,591)	(715,765)
Fixed assets transferred from Local Authorities	(7,428,175)	(13,614,235)
Interest receivable (note 5)	(4,439)	(2,213)
FRS17 pension cost less contributions payable (note 26)	(17,000)	(14,000)
FRS17 pension finance income/(cost) (note 26)	15,000	14,000
(Increase)/decrease in stocks	(5,866)	(1,114)
(Increase)/decrease in debtors	135,594	(256,435)
Increase/(decrease) in creditors	(164,359)	306,253
Net cash Inflow from Operating Activities	493,967	262,023

21 Returns on Investments and Servicing of Finance

	2013 £	2012 £
Interest received	4,439	2,213
Net cash inflow from returns on investment and servicing of finance	4,439	2,213

22 Capital Expenditure and Financial Investment

	2013 £	2012 £
Purchase of tangible fixed assets	(368,304)	(491,315)
Capital grants	19,722	715,765
Net cash outflow from capital expenditure and financial investment	(348,582)	224,450

23 Analysis of Changes in Net Funds

	At 1 September 2012 £	Cash flows £	At 31 August 2013 £
Cash in hand and at bank	488,686	120,901	609,587
	<u>488,686</u>	<u>120,901</u>	<u>609,588</u>

Notes to the Financial Statements for the Year Ended 31 August 2013

24 Contingent Liabilities

25 Members Liability

Each member of the charitable company undertakes to contribute to the assets of the company in the event of it being wound up while he/she is a member, or within one year after he/she ceases to be a member, such amount as may be required, not exceeding £10 for the debts and liabilities contracted before he/she ceases to be a member.

26 Pension and Similar Obligations

The academy's employees belong to two principal pension schemes: the Teachers' Pension Scheme England and Wales (TPS) for academic and related staff; and the Local Government Pension Scheme (LGPS) for non-teaching staff, which is managed by Suffolk County Council. Both are defined-benefit schemes. The pension costs are assessed in accordance with the advice of independent qualified actuaries. The latest actuarial valuation of the TPS related to the period ended 31 March 2004 and of the LGPS 31 March 2010.

There were no outstanding or prepaid contributions at either the beginning or the end of the financial year.

Parliament has agreed, at the request of the Secretary of State for Education, to a guarantee that, in the event of Academy closure, outstanding Local Government Pension Scheme liabilities would be met by the Department for Education. The guarantee came into force on 18 July 2013.

Teachers' Pension Scheme

Introduction

The Teachers Pension Scheme (TPS) is a statutory, contributory, defined benefit scheme governed by the Teachers Pensions Regulations (2010). These regulations apply to teachers in schools that are maintained by local authorities and other educational establishments, including academies, in England and Wales. In addition, teachers in many independent and voluntary-aided schools and teachers and lecturers in some establishments of further and higher education may be eligible for membership. Membership is automatic for full time teachers and lecturers and from 1 January 2007 automatic too for teachers and lecturers in part-time employment following appointment or a change of contract. Teachers and lecturers are able to opt out of the TPS.

The Teachers' Pension Budgeting and Valuation Account

Although members may be employed by various bodies, their retirement and other pension benefits are set out in regulations made under the Superannuation Act (1972) and are paid by public funds provided by Parliament. The TPS is an unfunded scheme and members contribute on a "pay as you go" basis – these contributions along with those made by employers are credited to the Exchequer under arrangements governed by the above Act.

The Teachers' Pensions Regulations require an annual account, the Teachers' Pension Budgeting and Valuation Account, to be kept of receipts and expenditure (including the cost of pensions' increases). From 1 April 2001, the Account has been credited with a real rate of return, which is equivalent to assuming that the balance in the Account is invested in notional investments that produce that real rate of return.

Valuation of the Teachers' Pension Scheme

At the last valuation, the contribution rate to be paid into the TPS is assessed in two parts. First, a standard contribution rate was determined. This is the contribution, expressed as a percentage of the salaries of teachers and lecturers in service or entering service during the period over which the contribution rate applies, which if it were paid over the entire active service of these teachers and lecturers would broadly defray the cost of benefits payable in respect of that service. Secondly, a supplementary contribution is payable if, as a result of the actuarial review, it is found that accumulated liabilities of the Account for benefits to past and present teachers, are not fully covered by standard contributions to be paid in future and by the notional fund built up from past contributions. The total contribution rate payable is the sum of the SCR and the supplementary contribution rate.

The last valuation of the TPS related to the period 1 April 2001 to 31 March 2004. The Government Actuary's report of October 2006 revealed that the total liabilities of the Scheme (pensions currently in payment and the estimated cost of future benefits) amounted to £166,500 million. The value of the assets (estimated future contributions together with the proceeds from the notional investments held at that valuation date) was £163,240 million. The assumed real rate of return was 3.5% in excess of prices and 2% in excess of earnings. The rate of real earnings growth was assumed to be 1.5%. The assumed gross rate of return was 6.5%. From 1 January 2007, the SCR was assessed at 19.75%, and the supplementary contribution rate was assessed to be 0.75% (to balance assets and liabilities as required by the regulations within 15 years). This resulted in a total contribution rate of 20.5%, which translated into an employee contribution rate of 6.4% and employer contribution rate of 14.1% payable.

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and Similar Obligations (continued)

Actuarial scheme valuations are dependent on assumptions about the value of future costs, the design of benefits and many other factors. Many of these are being considered as part of the work on the reformed TPS, as set out below. Scheme valuations therefore remain suspended. The Public Service Pensions Bill which is being debated in the House of Commons, provides for future scheme valuations to be conducted in accordance with Treasury directions. The timing for the next valuation is still to be determined, but is likely to be before the reformed schemes are introduced in 2015.

Teachers' Pension Scheme Changes

Lord Hutton published his final report in March 2011 and made recommendations about how pensions can be made sustainable and affordable, whilst remaining fair to the workforce and the taxpayer. The Government accepted Lord Hutton's recommendations as the basis for consultation and Ministers engaged in extensive discussions with trade unions and other representative bodies on reform of the TPS. Those discussions concluded on 9 March 2012 and the Department published a Proposed Final Agreement, setting out the design for a reformed TPS to be implemented from 1 April 2015.

The key provisions of the reformed scheme include: a pension based on career average earnings; an accrual rate of 1/57th; and a Normal Pension Age equal to State Pension Age, but with options to enable members to retire earlier or later than their Normal Pension Age. Importantly, pension benefits built up before 1 April 2015 will be fully protected.

In addition, the Proposed Final Agreement includes a Government commitment that those within 10 years of Normal Pension Age on 1 April 2012 will see no change to the age at which they can retire, and no decrease in the amount of pension they receive when they retire. There will also be further transitional protection, tapered over a three and a half year period, for people who would fall just outside of the 10 year protection.

In his interim report of October 2010, Lord Hutton recommended that short term savings were also required, and that the only realistic way of achieving these was to increase member contributions. At the spending review 2010 the Government announced an average increase of 3.2 percentage points on the contribution rates by 2014-15. The increases were to be phased in from April 2012 on a 40:80:100% basis.

Under the definitions set out in Financial Reporting Standard (FRS17) Retirement Benefits, the TPS is a multi-employer pension scheme. The Academy Trust is unable to identify its share of the underlying assets and liabilities of the scheme. Accordingly, the Academy has taken advantage of the exemption in FRS17 and has accounted for its contributions to the scheme as if it were a defined contribution scheme. The Academy Trust has set out above the information available on the scheme.

Local Government Pension Scheme

The LGPS is a funded defined-benefit scheme, with the assets held in separate trustee-administered funds. The total contribution made for the period ended 31 August 2013 was £165,000, of which employer's contributions totalled £134,000 and employees' contributions totalled £31,000. The agreed contribution rates for future years are 25.5% for employers and a variable % for employees dependant on the salary of individuals as follows:

Annual Salary	Contribution Rate
£0 - £13,700	5.50%
13,701 – 16,100	5.80%
£16,101 - £20800	5.90%
£20801 - £34700	6.50%
£34701 - £46500	6.80%

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and Similar Obligations (continued)

Principal Actuarial Assumptions

	At 31 August 2013 p.a.	At 31 August 2012 p.a.
Rate of increase in salaries	5.10%	4.50%
Rate of increase for pensions in payment/inflation	2.80%	2.20%
Discount rate for scheme liabilities	4.60%	4.10%
Expected Return on Assets	5.90%	4.50%

The current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement age 65 are:

	At 31 August 2013	At 31 August 2012
<i>Retiring today</i>		
Males	21.4	21.4
Females	23.3	23.3
<i>Retiring in 20 years</i>		
Males	23.7	23.7
Females	25.7	25.7

The academy's share of the assets and liabilities in the scheme and the expected rates of return were:

	Expected return at 31 August 2013	Fair value at 31 August 2013 £	Expected return at 31 August 2012	Fair value at 31 August 2012 £
Equities	6.70%	593,000	5.50%	351,000
Bonds	4.10%	180,000	2.80%	175,000
Property	4.70%	77,000	3.80%	60,000
Cash	3.60%	<u>9,000</u>	2.80%	<u>18,000</u>
Total market value of assets		859,000		
Present value of scheme liabilities				
- Funded		<u>(1,261,000)</u>		<u>(1,006,000)</u>
Deficit in the scheme		<u>(402,000)</u>		<u>(402,000)</u>

None of the fair values of the assets shown above includes any of the Academy Trust's own financial instruments or any property occupied by, or other assets used by, the Academy Trust.

The return on the Fund in market value terms for the period to 31 August 2013 is estimated based on actual Fund returns as provided by the Administering Authority and index returns where necessary.

Notes to the Financial Statements for the Year Ended 31 August 2013

26 Pension and Similar Obligations (continued)

Amounts recognised in the statement of financial activities

	2013	2012
	£	£
Current service cost (net of employee contributions)	117,000	80,000
Total operating charge	117,000	80,000

	2013	2012
	£	£
Analysis of pension finance income/(costs)		
Expected return on pension scheme assets	(31,000)	(35,000)
Interest on pension liabilities	46,000	49,000
Pension finance income/(costs)	15,000	14,000

The actuarial gains and losses for the current year are recognised in the statement of financial activities. The cumulative amount of actuarial gains and losses recognised in the statement of financial activities since the adoption of FRS17 is a £132,000 loss (2012: £62,000 loss).

Movements in the present value of defined benefit obligations were as follows:

	2013	2012
	£	£
Opening defined benefit obligation	1,006,000	820,000
Current service cost	117,000	80,000
Interest cost	46,000	49,000
Employee contributions	31,000	24,000
Actuarial (gain) / loss	61,000	33,000
Scheme liabilities at 31 August	1,261,000	1,006,000

Movements in the fair value of Academy's share of scheme assets:

	2013	2012
	£	£
Transfer in of scheme assets	604,000	480,000
Expected return on scheme assets	31,000	35,000
Actuarial gain / (loss)	59,000	(29,000)
Employers contributions	134,000	94,000
Employee contributions	31,000	24,000
Fair value of scheme assets at 31 August	859,000	604,000

The estimated value of employer contributions for the year ended 31 August 2014 is £158,000.

Notes to the Financial Statements for the Year Ended 31 August 2013 (continued)

27 Related Party Transactions

Owing to the nature of the Academy Trust's operations and the composition of the board of Governors being drawn from local public and private sector organisations, transactions may take place with organisations in which a Governor has an interest. All transactions involving such organisations are conducted at arm's length and in accordance with the Academy Trust's financial regulations and normal procurement procedures.

The following related party transactions took place in the period of account:

C Johnson, Trustee and RO £10,141 in respect of liaison with feeder Primary schools
B Cloke, Directors and Chair of Finance Committee £292 in respect of Invigilation work

26 Post Balance Sheet Events

None